

**THE APPLICATION OF PATARA OIL & GAS LLC TO ADOPT FIELD RULES FOR THE BECKVILLE (TRAVIS PEAK) FIELD, PANOLA AND RUSK COUNTIES, TEXAS**

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**HEARD BY:** Richard D. Atkins, P.E. - Technical Examiner

**HEARING DATE:** December 1, 2010

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

James M. Clark

Patara Oil & Gas LLC

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Patara Oil & Gas LLC ("Patara") requests that Field Rules for the Beckville (Travis Peak) Field be adopted. Patara proposes Field Rules that provide for a correlative interval, 330'-660' well spacing, 40 acre units with optional 20 acre density and allocation based on 5% per well and 95% deliverability/potential. Patara also requests that the allocation formula for the field be suspended and the elimination of the filing of Form P-15 and plats.

This application was unopposed and the examiner recommends that Field Rules for the Beckville (Travis Peak) Field be adopted, as proposed by Patara.

**DISCUSSION OF EVIDENCE**

The Beckville (Travis Peak) Field was discovered in October 1979 at an average depth of 7,100 feet. The field is classified as associated with AOF status and operates under Statewide Rules. There are currently six producing gas wells and three producing oil wells carried on the proration schedules. Many wells are commingled with the Cotton Valley formation and have their production reported in the Beckville (Cotton Valley) Field. Cumulative production from the field through November 2010 is at least 10.6 BCFG and 157.0 MBO.

There is currently no defined field interval for the field. Patara requests that the field be defined as the correlative interval from 6,820 feet to 8,770 feet as shown on the log of the Patara Oil & Gas LLC - Weir Estate Lease, Well No. 1 (API No. 42-365-36438, A. Birdsong Survey, A-66, Panola County, Texas. This interval includes the entire Travis

## **OIL AND GAS DOCKET NO. 06-0267860**

Peak formation. Patara submitted a west to east Cross Section showing that the gross interval of the Travis Peak formation is almost 2,000 feet thick and there are numerous discontinuous sands. Ultimate recoveries and drainage areas will therefore vary significantly from well to well.

Patara calculated drainage areas for two wells in the field. The ultimate recovery estimates were 86 MMCFG and 178 MMCFG. Using a recovery factor of 75%, the calculated drainage areas were 15 acres with a net pay of thickness of 8 feet and 40 acres with a net pay of thickness of 12 feet, respectively.

Patara requests 330'-660' well spacing and 40 acre gas units with optional 20 acre density to provide additional flexibility in developing the field. Similar spacing and density rules have already been adopted in the deeper Beckville (Cotton Valley) and Carthage (Haynesville Shale) Fields.

To satisfy state statutes, Patara also requests allocation based on 5% per well and 95% deliverability/potential and that the allocation formula be suspended, as there is a 100% market demand for all the gas produced from the field. Since acreage is not part of the allocation formula, not requiring the filing of Form P-15 and plats will eliminate unnecessary paperwork.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Beckville (Travis Peak) Field was discovered in October 1979 at an average depth of 7,100 feet. The field is classified as associated with AOF status and operates under Statewide Rules.
3. There are currently six producing gas wells and three producing oil wells carried on the proration schedules. Many wells are commingled with the Cotton Valley formation and have their production reported in the Beckville (Cotton Valley) Field.
4. The Beckville (Travis Peak) Field should be defined as the correlative interval from 6,820 feet to 8,770 feet as shown on the log of the Patara Oil & Gas LLC - Weir Estate Lease, Well No. 1 (API No. 42-365-36438), A. Birdsong Survey, A-66, Panola County, Texas. This interval includes the entire Travis Peak formation.
5. The Travis Peak formation is almost 2,000 feet thick and there are numerous discontinuous sands. Wells in the subject field have varying ultimate recoveries and drainage capabilities.

## **OIL AND GAS DOCKET NO. 06-0267860**

- a. Patara calculated drainage areas for two wells in the field. The ultimate recovery estimates were 86 MMCFG and 178 MMCFG.
  - b. Using a recovery factor of 75%, the calculated drainage areas were 15 acres with a net pay of thickness of 8 feet and 40 acres with a net pay of thickness of 12 feet, respectively.
6. Well spacing of 330'-660' and 40 acre units with optional 20 acre density will provide additional flexibility in developing the field.
  7. Similar spacing and density rules have already been adopted in the deeper Beckville (Cotton Valley) and Carthage (Haynesville Shale) Fields.
  8. Allocation based on 5% per well and 95% deliverability/potential is a reasonable formula which will protect correlative rights and meet statutory requirements.
  9. Suspension of the allocation formula is appropriate, as there is a 100% market demand for all of the gas produced from the field.

### **CONCLUSIONS OF LAW**

1. Proper notice of this hearing was issued.
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Adopting Field Rules for the Beckville (Travis Peak) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

### **RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission adopt Field Rules for the Beckville (Travis Peak) Field, as proposed by Patara Oil & Gas LLC.

Respectfully submitted,

Richard D. Atkins, P.E.  
Technical Examiner